

# Utah State Building Board



## MEETING

November 6, 2003

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## **MINUTES**

### **Utah State Building Board Members in attendance:**

Larry Jardine, Chair  
Kay Calvert, Vice Chair  
Richard Ellis, Ex-Officio  
Steven Bankhead  
Cyndi Gilbert  
Manuel Torres  
Katherina Holzhauser  
Kerry Casaday  
Darren Mansell

### **DFCM and Guests in attendance:**

F. Keith Stepan	Division of Facilities Construction & Management
Kenneth Nye	Division of Facilities Construction & Management
Blake Court	Division of Facilities Construction & Management
Shannon Lofgreen	Division of Facilities Construction & Management
Alyn Lunceford	Division of Facilities Construction & Management
Randa Bezzant	Governor's Office of Planning and Budget
Brad Mortensen	Utah System of Higher Education
John W. Huish	University of Utah
Mike Perez	University of Utah
Gordon Storrs	Salt Lake Community College
Bob Askerlund	Salt Lake Community College
Darrell Hart	Utah State University
Brent Windley	Utah State University
Jim Michaelis	Utah Valley State College
Frances Pruyne	CRS Architects
Rosemarie Carter	Department of Workforce Services
Lauri McCreary	Department of Human Services
Michael Raddon	Spectrum Engineers
RoLynne Christensen	VCBO Architecture
Julee Attig	Jacobsen Construction

Greg Peay	Department of Corrections
Raymond Duda	Utah National Guard
Michael Wollenzien	USOR
Tami Cromar	Midwest Office
Carol Shepard	Steelcase
Bill Juszczak	Department of Transportation
James Dalton	Parks & Recreation

On Thursday, November 6, 2003, the Utah State Building Board held a regularly scheduled meeting at the Utah State Capitol, Committee Room 303, Salt Lake City, Utah. Chairman Larry Jardine called the meeting to order at 9:06am.

Chair Jardine welcomed Richard Ellis as Lynne Ward's replacement as the ex-officio member.

☐ **APPROVAL OF MINUTES OF OCTOBER 16, 2003.....**

Chair Larry Jardine sought a motion on the Building Board meeting minutes of October 16, 2003.

**MOTION: Manuel Torres moved to accept the October 16, 2003, minutes of the Building Board meeting. The motion was seconded by Cyndi Gilbert and passed unanimously.**

☐ **FIVE YEAR BUILDING PLAN.....**

Kenneth Nye distributed information regarding the five-year plan, which superceded the information previously distributed. The five year building plan is a responsibility set in statute for the Building Board to develop a plan for the building needs for a five year period. Last year, DFCM proposed taking the priority list the Board previously developed and breaking it in half with the first half being for the current year and the second half being the following year.

Mr. Nye wished to review the changes from the new information and noted the methodology used for developing a recommendation for the five year plan was outlined in the memorandum included in the packet. DFCM used an optimistic assumption regarding the level of funding available each year which is somewhat high for the current year. If that level of funding does not actually occur, then projects would be displaced to other years as the plan develops over time.

Mr. Nye also distributed last year's five year plan for reference. This year a more public process was held for establishing the five year plan than has occurred in the past.

The remaining three years of the plan were developed by identifying projects that did not make the short list for the Board to consider in October, or based on information DFCM was aware of from five year plans from agencies and institutions. They also included the current funding level for capital improvements. For the last three years, DFCM attempted to develop a grouping of which projects would be appropriate for FY2007 and future years.

They reviewed these projects and assessed them for critical needs. This information was also distributed to the agencies and institutions.

Kenneth Nye stated the last three years represented did not include refined numbers for projects and are based on a general scope as to anticipated costs. In the future, the actual scope and cost will be fine tuned when the project is addressed.

A presentation from the Capitol Preservation Board was initially anticipated to address the Capitol renovation, but will be rescheduled for the December 3 meeting. However, the inclusion of the language should proceed.

Mr. Nye stated the language proposed on the five year plan included one minor amendment requested by David Hart, Capitol Preservation Board, regarding inclusion of the words "*continuation of*" the renovation of the Capitol and suggested the phrase read "the Building Board expresses its support of the continuation of the renovation of the State Capitol building and suggests that the funding be addressed separately as a result of the magnitude and duration of the project and the Capitol's unique governance structure." Neither Mr. Nye nor the Board had any discrepancies with this inclusion. DFCM felt this statement would be an appropriate statement for the Board to adopt to support the renovation of this building. This clearly would not indicate a priority with the other priorities that the Board has established.

Mr. Nye provided some history and background on the Capitol Preservation Board and noted they were created approximately four years ago. Until that point in time, the Building Board was actually the biggest advocate for the new Capitol building being renovated. When the Capitol Preservation Board was created to oversee the Capitol and its renovation, the Building Board stopped including the Capitol building requests in the actual priority list so they were not prioritized. However, the Building Board has expressed its support for the project.

Chair Jardine sought a separate motion to address the statement regarding the Capitol Preservation Board and sought further discussion.

Keith Stepan stated the continuation meant they had already spent money in planning and architectural efforts, but have also continued with construction and further investigation. They have budgeted approximately \$6 million to further their pre-planning work and investigation.

Steven Bankhead stated there appeared to be some type of compromise between the Capitol renovation project and the needs of Higher Education and other institutions and agencies. He questioned what the ability of funding one had to do with the other and how to weigh the greater need. Keith Stepan responded that the Capitol Preservation Board reports directly to the Governor's office. This year's proposal is to fund it as a separate project and will not be funded with other state agencies. It will be funded with a special bond and cash flow over four years. How this project is funded still resides with the Appropriation Committee and Legislation efforts.

Kenneth Nye stated the suggested language included the concept to address it separately and not necessarily impact the funding available. Reality is there are only so many dollars available.

**MOTION: Kay Calvert moved that the Building Board express its support for the continuation of the renovation of the State Capitol building renovation and suggests that the funding be addressed separately as a result of the magnitude and duration of the project and the Capitol's unique governance structure. The motion was seconded by Steve Bankhead and passed unanimously.**

Kenneth Nye stated the primary changes involved the determination of the amount of state funded O&M associated with each one of the requests. This last summer the Board adopted a formula for determining a level of funding for O&M that would be associated with Higher Education projects as an effort to standardize the approach for determining O&M. DFCM uses the formula to arrive at the recommended amounts. There were three projects included in the packet for Higher Education that did not have a number resolved due to them being renovation projects and the formula to address renovation projects is slightly different. The current funding level of O&M needed to be addressed. Basically the way the formula works is that the level of funding for the building is determined and if that institution has a lower level of funding for O&M than the amount recommended, it is the shortfall for the building. As DFCM applied the formula for Weber State University, they did not have a recommendation for a project increase. The University of Utah Library recommendation ended up being \$363,000 due to the additional space in the building for the storage system and the formula identifying the funding level for O&M versus their current needs. There is still question regarding the number to be used as their existing funding level. Mr. Nye requested if they were to determine a minor adjustment to be required to those numbers based on that issue, DFCM would be granted the latitude to proceed with the change. The O&M for the Utah State University Animal Science Building Renovation would be a \$12,000 increase due to current levels of funding versus the recommended funding level. The concept in developing the policy particularly advocated by Higher Education was that as buildings are renovated, if they were under funded for O&M, their funding level was not increased for O&M and the renovation effort undermined.

Another change was that a final number for O&M was not included for the Logan Regional Center which is \$700,500. If DFCM were to compare the existing funding levels versus the cost of debt service and O&M for the larger size building, an increase in cost results. If it is compared to leasing the same amount of space as to what they are asking for, then a savings is incurred.

The last change made in the five year plan pertained to the St. George Courthouse which has had some study done which indicate it will cost more in the range of \$24 million. This would be a new courthouse to replace the existing 40 year old one at the same site, including demolition.

Another change made for FY2008 regarded the Weber State University IHC Property Acquisition which was originally listed as the purchase of the McKay Dee Hospital. This may not be able to come to fruition. They have asked DFCM to replace it with a classroom building request to replace older buildings one and two.

The last page indicated a new list for the other funds projects authorized by the Board including the increased state O&M numbers. There are only three projects that qualify for state O&M and the funding will actually come from legislative appropriations. This is the pattern the State has always had when requesting state funds for O&M from the legislature. The statute for the Building Board directs them to include in the five year plan the estimated cost for the state O&M. It doesn't clearly state no O&M is needed as that decision belongs more to the Legislature.

Keith Stepan stated the five year plan concept is a working document. After the first year recommendations, there will be some obvious movement. This is a list for agencies and institutions to line up for future needs. Next year the Board can address the tweaking needed in terms of dollars and scope. This is simply a projection into the future. This list is developed by agencies and institutions as to what they submit as projects and is a public document to those agencies and institutions.

Kenneth Nye mentioned there were previous discussions about Utah State's athletic facility and the scope was influx at this point. The scope issues are continuing to be resolved and anticipate bringing this non-state funded project to the Board in December. There is also a project for the Southeast Applied Technology Center which is resolving some details and anticipates on presenting their project in December as well.

Chair Jardine confirmed that any motion made today would not preclude changes that may be forthcoming in the December meeting. He sought a motion for the five year plan as presented.

Steven Bankhead asked about a study previously distributed by DFCM in which he noticed Salt Lake Community College in the last five years has added almost 10,000 students and

UVSC has added a little over 11,000 and USU over 7,000. It seemed those were growing particularly faster than any other campuses. He questioned if they were putting the money where the growth and greatest needs are, which he felt should be included in the five year projections. He felt they were spending a disproportionately small amount of the state's budget over the next year versus what the real growth and needs are.

Keith Stepan stated the process that takes place every year does take that in to affect and is why they had indicated where the growth is taking place and where the dollars have been spent. Each year that changes and each year it is a new reflection of the occurrences. The five year plan does take into affect those issues and there is also the affect that politics takes as well. The Board of Regents has been working on their process to improve it and reflect more closely growth and where dollars are spent.

Kay Calvert commented there is also always the emergency project, similar to Weber State's, that is not anticipated and takes up a huge amount of money one year. There are also unanticipated life safety issues. The desire to put the buildings where the most growth is going to be occurring is there, but sometimes it is impossible to fulfill while not neglecting more urgent needs. Keith Stepan added that the non-state funded projects are also a bit of frustration in that regard. Approximately \$122 million is going to Higher Education and are placed as far as their needs, but may not be where the state sees the needs. Kay Calvert added there is also a change in the trends with some of the other institutions and they are changing the way they go after the donated dollars.

Kenneth Nye questioned if they should penalize an institution for being more aggressive and raising funds. In looking at the different Higher Education institutions, some of them are less successful in raising funds for projects. He also noted in the five year plan, those that are tending to grow more have received more projects.

Cyndi Gilbert struggled with having nine systems of Higher Education that were all once centrally located. In listening to the presentations, several campuses are randomly located and each institution has multiple campuses increasing the cost of building. She assumed the Building Board should determine if that is the philosophy they wished to take and note if buildings should receive a higher priority because of location. Keith Stepan stated the issues of programming were out of the Building Board's control and their responsibility is to provide facilities for the program. He noted Ms. Gilbert was correct and that satellite campuses were costing more.

Steven Bankhead stated Salt Lake Community College has a projected shortfall of 100,000sf ballpark, UVSC has a shortfall of 250,000sf and the U of U has a surplus of 50-60,000sf, which is where they are spending the money. He wondered if the priorities were right. Katherina Holzhauser stated that per student spending over the last 20 years, SUU, Snow, CEU and USU all got more dollars per student as a percentage. The two institutions

that are severely under funded are Salt Lake Community College and Weber State University which were placed on the top twelve this year. She felt that per student spending, the Board had done a good job. They would need to watch for growth in the out years in the other areas.

Darrell Hart, USU, stated one other factor that needs to be brought up in the discussion is to place the priority of buildings on replacement space as been done in past years.

**MOTION: Steve Bankhead moved to adopt the five year plan as presented with the clear understanding that the board won't be bound by the priorities. The motion was seconded by Kay Calvert and passed unanimously.**

**☐ AUTHORIZATION OF UVSC BASEBALL STADIUM .....**

Kenneth Nye stated back in the 2000 legislative session, the Legislature authorized the expansion or upgrade of the baseball stadium at UVSC. At that time, the scope of the project was estimated to be in the range of \$750,000 to \$1 million. The donor did not materialize and the budget did not proceed. At this point, they have developed other funding sources and wished to pursue the project in a range of approximately \$3.4 million. The project previously did not include any state O&M or capital improvements which is still the case.

A few years ago, the Legislature passed a statute granting the Building Board the authority to authorize projects funded entirely from non-state funds, both as to the original construction as well as future operations and maintenance and capital improvements. In this case, where the project scope has grown extensively, they felt it would be appropriate to solicit a new approval for the project in light of increase in scope so there would not be question as to whether the project was actually approved or not.

Jim Michaelis, UVSC, distributed a handout and commented they have not changed the scope and were simply requesting permission to proceed ahead.

Kenneth Nye added that the Board of Regents is looking at the funding process that UVSC is using for the project and it is their responsibility to ensure the funding works out and is appropriate for Higher Education. They will be finalizing their approval for that in a future meeting. At this point, Mr. Nye wanted to have the Building Board clarify the authorization for the project to occur subject to the Regent's final approval on the funding process.

**MOTION: Cyndi Gilbert moved approval of the UVSC baseball stadium contingent on Regent approval of the funding source. The motion was seconded by Manuel Torres and passed unanimously.**

**❑ REALLOCATION OF CAPITAL IMPROVEMENT FUNDS.....**

Kent Beers stated DFCM recommended that the Board reallocate capital improvement funds for the following projects including Weber State University where approximately \$200,000 to the WSU Potable Water and Waste Line Replacement. The funding source for this project would come from the balance of remaining funds from FY 2001 WSU Steam Tunnel Repairs and Asbestos Abatement.

DFCM also recommended the transfer of \$255,000 to Weber State University for an elevator replacement at the Stewart Library. The funding source would be from the FY 2004 Science Lab Soil Remediation and Walkway Replacement which was canceled.

DFCM recommended that the Building Board transfer \$168,000 for Parks and Recreation for the Little Deer Creek Irrigation project. The funding source would be from the FY 2004 Wasatch Mountain State Park Epperson Springs Culinary Water Treatment System Upgrade which was canceled.

DFCM recommended that the Board transfer \$30,000 for Human Services to the Genesis Youth Corrections Window Replacement project. The funding source would be from the FY 2004 Slate Canyon Youth Center Entrance Re-Roof which was also canceled.

DFCM recommended that the Board also transfer \$165,841 for Utah State University to the Center for Persons with Disabilities Fire Alarm System Upgrade. The funding source for this project would come from the bid savings from three previously funded FY 2004 projects.

Mr. Beers provided further background regarding each of these projects and stated the Board authorized \$350,000 in FY2003 for the WSU potable water project. Engineering for the project has been completed and estimates indicate that additional funds are needed to complete the project. DFCM recommended that funding from this come from funds left over from a FY 2001 project (steam tunnel repair and abatement). The steam tunnel project is an on-going series of projects that will require several phases of funding over the years. It is currently stopped at a logical point and will require additional funding (next year) to complete additional sections of the tunnel system. Meanwhile, the University requests that the remaining balance be put to use on another, more immediate, need.

Mr. Beers explained Weber State University requested funding for a new parking lot at the Davis Campus due to dramatic enrollment increases. They have since used their own money to provide additional parking for students and will request further funds next year. The Science Lab Soil Remediation and Walkway Replacement project which has been canceled for this year. However, WSU has a series of ongoing series of elevator replacement projects throughout the year on campus and there are three of them in the



Stewart Library which they would like the transfer funds from the canceled project.

Mr. Beers continued that for the Parks & Recreation Little Deer Creek Irrigation project they had funded over \$10 million to put in the new golf course at Solider Hollow and they barely have enough water to irrigate that new golf course and if the drought persists there is a very real possibility that we could lose some of the greens and fairways. This project will develop the water rights held by Parks & Recreation on Little Deer Creek via a new pipeline. Water from the project will be used as back-up irrigation for the Soldier Hollow Golf Course. Funding for the project will come from the FY 2004 Epperson Springs Culinary Water treatment System project which has been canceled because newly passed Division of Water Quality guidelines no longer mandate the upgrades to the existing culinary system that were required last year.

Mr. Beers stated the reason for the request for the DHS Genesis Youth Correction Window Replacement was due to approximately two months ago; one of the youth at the Genesis facility was leaning against a closed window and fell from the second story. Emergency funding was used to replace the window and surrounding framing. Examination of other windows found that the framing around several of the windows has rotted and poses a life safety risk. It is recommended that funds be transferred from the FY 2004 Slate Canyon Entrance Re-Roof project that has been canceled. The re-roof was originally requested by the agency; however, after the entry was inspected by DFCM's roofing manager, it was determined that patching would solve the problem.

Mr. Beers stated the USU Center for Persons with Disabilities Fire Alarm Project was due to savings from bids on three other fire alarm projects (Fine Arts Building, Nutrition & Food Science Building, and the Water Lab) which they desired to be applied to the fire alarm project at the Persons with Disabilities Building.

**MOTION: Steve Bankhead move to approve the reallocation of capital improvement funds. The motion was seconded by Kay Calvert and passed unanimously.**

**❑ USU ENGINEERING BUILDING RENOVATION.....**

Keith Stepan stated several years ago the Board visited the USU Engineering Building and because of seismic and several other issues, it was deemed a high priority to replace the building and remodel a portion of the building. The State approved two projects at USU including the new engineering building, which is now being programmed, and the renovation of some of the existing space in the existing engineering building. The state approved funding for that just under \$6 million with a matching donation fund of just \$10 million from the University. They have been proceeding with their funding and have accumulated approximately \$5.5 million and therefore wished to move ahead with the

planning, hiring of an architect and to proceed with the design phase of the project of the renovation of the existing building. DFCM recommends approval to proceed due to the money being at risk to proceed with the design is money Utah State is willing to put up from some of the donated funds. Utah State feels confident they can raise the remaining funds by proceeding with the process and then the State can match their funds with the \$5.9 million.

**MOTION: Manuel Torres moved to approve the Utah State University to begin the design phase on the Engineering Building with their donated funds. The motion was seconded by Kerry Casaday and passed unanimously.**

**☐ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY .....**

John Huish, University of Utah, reported for the period of August 15 to October 17, 2003, there were three new A/E remodeling agreements including the Skaggs Research Building, the Chemistry Building Lab and the UUHN South Jordan Medical Clinic. There was also an engineering agreement awarded for the East Campus New Parking Lot.

There was one construction contract awarded for the East Ball field Restrooms and Concessions. This will serve the new Women's soccer field.

There was some activity in the contingency reserve fund and the project reserve fund due to the Business Loop Road and Other Parking and the HPER Cooling Tower Replacement.

**MOTION: Steve Bankhead moved to approve the University of Utah administrative report. The motion was seconded by Manuel Torres and passed unanimously.**

Brent Windley, Utah State University, reported for the period of August 13 to October 15, 2003, and noted there were three new A/E contracts including the tunnel extension for the Edith Bowen area, the new well and inside wiring phase I to update the fiber optics on campus.

There were two new construction contracts including a multi phased project and the contracts covered the campus fiber optic enhancements.

The contingency reserve fund had three activities for the Fine Arts Visual Chiller Replacement, the Veterinary Science Electrical Mechanical Upgrade, and the Water Lab Make-up air unit.

There was one activity in the project reserve fund for the Fine Arts Visual Chiller Replacement.

There were 44 delegated projects in various stages of completion and design. Fifteen projects were complete or substantially complete.

All major projects are proceeding without major problems.

**MOTION: Kay Calvert moved to approve the administrative report for Utah State University. The motion was seconded by Cyndi Gilbert and passed unanimously.**

**☐ DFCM REAL ESTATE SERVICES .....**

Keith Stepan expressed his desire to have the groups involved with DFCM report to the Building Board occasionally. He asked Alyn Lunceford to provide a summary of the amount of work done by the Real Estate Section.

Alyn Lunceford thanked the Board for this opportunity to make the presentation. He stated the Real Estate Group consists of four people and handles the all of the real property issues including right-of-ways, easements, licenses, short term uses of parking lots and raw ground. The State owns and controls over 5000 parcels of property throughout the state and a lot of those are Higher Education and UDOT properties. The Real Estate Group also purchases and sells property.

On occasion, the Real Estate group has been asked by several agencies to liquidate pieces of property. They loan their assistance to every agency within the state that has property ownership or property control rights.

The largest aspect of their responsibilities is leasing. They manage approximately 396 leases which span throughout Utah as well as a number of properties that function as regional centers for multiple agencies. They handle leases for every type of leased property and also supervise leases done by other agencies.

Mr. Lunceford distributed a list of staff members indicating where their responsibilities rested. It showed how many leases by agency they had and how much square footage was included, the kind of dollar value impacting their budget, and the number of state employees affected, and a quick look at the trend for previous years.

Of the 400 leases the Real Estate Group manages, the have issued approximately 20 new leases over the last year. This is done through the RFP process similar to VBS procurement. In the same year they renewed over 65 leases which is fairly normal.

This group also acts as the property manager between the agency and the landlord. They control \$23 million of the agency's budgets that do not flow through DFCM and are

responsible for providing housing for approximately 4200 state employees, which is roughly 20% of the state employment through 390 leases.

Alyn Lunceford added that he managed the collection of rent for all leased revenue bond buildings. As a collection conduit for the debt service for all of the leased revenue buildings, they collect approximately \$37 million a year in money from 12 agencies and 3 colleges.

**❑ ADMINISTRATIVE REPORTS FOR DFCM .....**

Keith Stepan stated there were no outstanding issues or problem areas, just a report for the last month's activity. He sought questions from the Board.

Randa Bezzant asked why the lease decreased on the Human Services DCFS office in Murray from \$17.76 to \$10.00. Alyn Lunceford stated this was due to them moving into a building that is now in receivership by a bank and the deal was negotiated with the bank. They were simply looking at a way to exit the building and recoup their minimum costs. The \$10.00 is a full service lease rate which raises some concern.

Chair Jardine observed that on several of the contracts that were awarded for much less than budget. Keith Stepan stated it is a very good and very aggressive market out there right now. He hoped the Legislature is aware of the current bonding market versus the construction economy.

**❑ OTHER .....**

Steve Bankhead referred back to the five year plan and expressed unfamiliarity with several of the projects. He thought it would be interesting to visit several of the projects to see what their concerns are. He suggested meeting at the various locations to provide this opportunity to the Board.

**❑ ADJOURNMENT .....**

**MOTION: Kay Calvert moved to adjourn at 10:51am. The motion was seconded by Cyndi Gilbert and passed unanimously.**

*Minutes prepared by: Shannon Lofgreen*